

Request for expression of Interest

Appendix E - Most Recent ERA Cash Flow



Honey Creek Resort State Park

Iowa Department of Natural Resources

**October
2005**

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HONEY CREEK STATE PARK RESORT

The following assumptions reflect the scenario changes that occurred during the last year.

ASSUMPTIONS

The proposed lodge will include cabins, conference/meeting facilities and an aquatic center. The proposed course is an 18-hole premier course with a minimum of 6,000 yards in length. The course will be open to the resort guests as well as to the general public. However, priority will be given to resort guests especially during preferred tee-times on weekdays and weekends. The golf course will also have a modern clubhouse with a pro-shop and a café serving light menu items and beverages.

The following are the assumptions and inputs that were used to develop the cash flow analysis.

LODGE

- ❑ Number of lodge rooms: 108
- ❑ Rooms: Average Occupancy rate in stabilization year: 58%
- ❑ Number of cabins: 37 (original scenario with 25 cabins)
- ❑ Cabins: Average Occupancy rate in stabilization year: 50%
- ❑ Average daily rate in stabilization year (third year of operation): \$120 rooms, \$140 cabins
- ❑ Average Occupancy rate in stabilization year: 58%
- ❑ Average waterpark admission- day visitors including campers: \$13
- ❑ Number of day meetings/events: 55 with 75 guests per event
- ❑ Construction cost including cabins, the aquatic center and the conference facilities is estimated at \$21.9 million (in 2003 dollars). This is based on \$120,000 average per lodge room (includes meeting facilities), \$225 per square foot of aquatic center, and \$120,000 average per cabin. Cabins are assumed to be various sizes to accommodate 4-12 people.

- ❑ Operating revenue and expense ratios are based on industry standards from Smith Travel Research.
- ❑ Waterpark operational expenses are based on an industry report for the World Waterpark Association by Hotel Waterpark Resort Research & Consulting.

GOLF COURSE

- ❑ Number of rounds in stabilization year (third year of operation) is 25,000 rounds
- ❑ Green fees include cart use and are \$45 per round
- ❑ Other revenues are \$12 per round and include food and beverage, driving range, and merchandise.
- ❑ Construction cost is estimated at \$6.3 million (in 2003 dollars) including the clubhouse.
- ❑ Operational revenue and expense ratios are based on industry standards from the National Golf Association

GENERAL

- ❑ Inflation index 2.5 percent
- ❑ Bond rate 4.5 percent
- ❑ No equity paid; 2 year grace period on debt payments
- ❑ Loan is 30 year term

Note: Additional other cabin revenue besides cabin rental fees was not included since it depends on amenities offered in the cabins. Those will be determined later in the planning and construction process.

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Honey Creek Financial Scenario

(In Stabilization year 3)

Key Performance Indicators

Lodge/Cabins/Conference Facilities/Water park

Number of Lodge Rooms	108
Average Occupancy Rate	58%
Average Room Rate	\$120
Number of Cabins	37
Average Cabin Occupancy Rate	50%
Average Cabin Rate	\$140
Daily Admission Waterpark	\$13
Cabins	\$945,000
Conference Facilities - Day Events	\$165,000

Total Revenue	\$5,372,000
Total Expenses	\$3,791,000

Net Operating Income	\$1,581,000
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Golf Course *

Annual Rounds Played	25,000
Green Fees	\$45

Total Revenue	\$1,497,000
Total Expenses	\$1,119,000

Net Operating Income	\$378,000
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TOTAL NOI	\$1,959,000
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Numbers are rounded

* Green Fees include cart use. Number of rounds played assume year round operation

Original Scenario 2003 Dollars

Hotel Construction Cost	\$12,960,000
Number of Rooms	108 Rooms
Construction_1 (Hard & Soft Costs)	\$120,000 Per Room
Waterpark Construction Cost	\$4,500,000
Size (indoor & Outdoor)	20,000 SF
Cost	\$225 per SF
Cabins Construction Cost	\$4,440,000
Number of Cabins	37 Cabins
Cost Per Cabin	\$120,000
Golf Course Construction Cost	\$6,030,000
Number of Holes	18 Holes
Construction (Hard & Soft Costs)	\$335,000 Per Hole
Clubhouse Construction Cost	\$250,000
TOTAL ESTIMATED DEVELOPMENT COST	\$28,180,000